

# EDL-Generation Public Company

## ANNUAL REPORT 2010

15<sup>th</sup> – 31 December 2010

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## I. BACKGROUND OF THE EDL - GENERATION PUBLIC COMPANY

From 2008, the State Enterprise of Electricity du Laos has implemented the directives of the Government of Lao PDR on the business restructuration of the Electricity Industry in Lao PDR. In 2008 the Electricity du Laos that was a state enterprise and has the function to product, transmit and selling electricity energy had contracted with the Financial Consultancy Service KTZMICO to study the feasibility to readjust business structure of the Electricity du Laos in the purpose that the Electricity Industry in Lao PDR can grown up and develop in response to the need of the Nation.

In 2010, the result from the study certified that the electricity production/Generating part of Electricity du Laos can be generated as capital for the creation of new company - EDL-Generation Public Company in order to increase the Capital of the Enterprise by selling the 25% of its share (initial public offering), and then these shares should be registered in the Lao Securities Exchange.

Under the Leading of Securities and Exchange Commission Office, the Professional/Technical Committee was setting up to prepare the registration of Electricity du Laos (EDL) in the Lao Securities Exchange. This Committee was composed of people from concerned sectors/ministries. In the EDL was setting up an office to upgrade the production part of EDL to an autonomous public company.

This process concerned many ministries, sectors and organizations of the Nation including the National Assembly (Parliament) and the Prime Minister Office, especially the exception of the implementation of some provisions and articles of the Laws, rules and regulations of Lao PDR that are related with the Assets Market and Stock Market. Because the problems related with the stock market is new for Lao PDR and because all was pressed in this period in order to prepare every thing for death line that defined by the Lao Government - the 11<sup>th</sup> January 2011 that is the first day of the Lao Securities Exchange (the buying and selling the share of many companies).

On 13<sup>th</sup> December 2010, The Parliament (National Assembly) issued the Decision of the **Permanent Committee of National Assembly** No. 132/PCNA on the approval and the exception in the implementing some laws, rules and regulations that are related with Assets Management and Stock Market. Side by Side with the National Assembly the Prime Minister issued the Decree No.526/PM on the exception in implementing rules and regulations that are specially related on the issue of the shares and the initial public offering and the registration of EDL-Generation Public Company in Lao Securities Exchange, and also issued the Decision No 180/PMO on the approval and certification of the special problems and issues of the creation of the EDL-Generation Public Company. All these documentations are the legal and judicial foundation for the creation of the EDL-Generation Public Company.

On the 15<sup>th</sup> December 2010 Ministry of Industry and Trade (Business Registration Office) issued the business license No. 4637/BRO.MOIC dated 15<sup>th</sup> December 2010 to the EDL-Generation Public Company with Registered Capital in 2,605,792,200,000 Lao Kip (LAK) and proposed the fund raising (Capital increasing) by selling the new issued share of the Company to the staff of the Company, the staff of EDL and the general public. This proposal is approved by the permission of the Securities and Exchange Commission Office No. 002/SECO dated 15<sup>th</sup> December 2010 and 217,149,000 shares was issued.

By implementing the legal and judicial documentation that described above, the State Enterprise of Electricity du Laos had transferred all assets of the electricity production part of EDL to the EDL-Generation Public Company as follows: hydropower Plant Nam Ngeum 1, Nam Mang 3, Nam Leuk, Xe Set 1, Xe Set 2, Xe Labam and Nam Song (now is in the phase of Construction and expected to be for the service in 2011). The total of installing power is 387MW and each year they can generate electricity in average of 1,923.5 million KWH to the EDL-Generation Public Company.

On 15<sup>th</sup> December 2010, the EDL-Generation Public Enterprise was established. It is the first public company in Lao PDR and it has all foundations to deal business activities in accordance with laws, rules and regulations of Lao PDR.

## **II. POLICIES OF IMPLEMENTATION OF BUSINESS ACTIVITIES OF THE EDL - GENERATION PUBLIC COMPANY (EDL-GEN)**

### **Vision**

EDL-Generation Public Company (EDL-GEN) will be a first class company of Lao PDR in order to effectively and timely guarantee and response to the needs of the social and economic development of the Lao PDR. It will be a first class company that strongly participates to build Lao PDR the Electricity Generator of ASEAN and actively participates to build ASEAN region a sustainable region on electricity security.

### **Missions**

- Will be a first class company in dealing with electricity Generating business in order to effectively serve the Nation Lao PDR and the Nations in the Region with an rational electricity price and effectively create value added to its shareholders.
- Will stand up side by side with EDL and strongly coordinate with EDL in order to preserve qualitatively and quantitatively the electricity/energy security and effectively response to the needs of the social and economic development of the Lao PDR as well as of the ASEAN regions.

- Effectively upgrade and develop its staff (all levels) to be an capable personnel that can actively participate in the development of the Company with the feeling of proud, responsibility and ownership.

### **Duties/Responsibilities**

The Company will firmly upgrade the ethics of the personnel and build up the organizational culture in accordance with the principle of good governance as follows:

1. Fully be responsible to the shareholders and the stakeholder in the protected of company assets. These assets should be secure and should be strongly and sustainably grown up.
2. Principally and flexibly act in accordance with the vision and the missions of the company with though of the risk that is born currently and that will be born in the future.
3. Have transparent and accountable process of decision making and of business operation and implementation.
4. Equally, fairly and justly treat all parties concerned and avoid the situation that will be born the conflict of interests and/or duplication of interests
5. Firmly build up the wealth and value for the shareholder in the long run.
6. Use creative thinking/intelligence and modern technology in order to increase continuously the effectiveness of the business management and that the company can be competitive with others.
7. Take Care of society, water resources and environment.

### **Code of Ethics**

1. The EDL-Generation Public Company will doing business with honesty, fair and justice (and with high moral level)
2. The Company will strictly and loyally implement all laws, rules and regulations of Lao PDR and other Agreements that it participates.
3. The Company will use effectively natural resources.
4. The Company firmly will participate in the protection of water resources and environment.
5. The company will support and promote fully the development of its organizations and of its personnel/staffs in order that they can develop themselves in the moral side as well as capacity building side, and be the owner to guarantee the solidarity in the company.

### **Business Operations Boundaries**

1. The Company will generate electricity and whole-sells to Electricity du Laos and builds transmission lines and electro-stations if there are necessities.
2. The Company will invest in the electricity generating projects of Electricity du Laos that are currently in the phase of construction or projects that has been planned or will invest by being a shareholder of these projects by replacing Electricity du Laos that is currently the shareholder or had planned to be a shareholder.

3. The Company will serve all the electricity generating projects in the whole country to boost, repair and maintain the generators (electro-stations).

### III. Implementation of the 2010 Activities (from 15-31/12/2010)

The EDL-Generation Public Company is created by the State Enterprise of Electricity du Laos and 8 founders in accordance with the Lao law on enterprise. The Meeting of shareholders of the Company decides to increase its capital from 2,605,792,200,000 Lao Kip (LAK) to 3,474,388,200,000 by issue and selling its new shares to the public called initial public offering. In accordance with the Decree of the Securities and Exchange Commission Office, the cost of a new share is 4,000 Lao Kips (LAK). Therefore the company issued 217,149,000 new/additional shares (called shares for increasing capital of the Company). In addition with the 651,448,050 original shares, the total number of shares is 868,597,050.



Initial Purchase Offering Subscriptions

## 1. Initial Public Offering

- **Publicity/Marketing**

For the publicity/marketing of the initial public offering as well as the data of the Assets/Stock market, the Management Committee and the financial consultants had organized publicity and data dissemination for the public. The Company had organized seminars to the investors in Vientiane Capital and in other provinces of Lao PDR. It had organized many seminar programs for data disseminating to the investors through mass media such as television and radio broadcasting and newspapers, and used car for publicity and disseminating this news to the public. In addition the Managers and Financial consultants had travelled to foreign countries such as Thailand, Malaysia and Hong Kong for publicity and marketing the new Lao Securities Exchange and the initial public offering of the Company.

- **Investors interest**

After the publicity/marketing of the Lao Securities Exchange, the investors in Lao PDR and in foreign countries wish to participate in the investment by share holding. The investors express their interest to the Lao Securities Exchange that is newly created, especially foreign investors have the view that Lao Securities Exchange and Lao PDR is the new market that can make interest for their investment. In addition, the organization of seminars programs with direct contact with the investors can help these investors more understand the Lao Securities Exchange and the Lao Capital Market.

- **Result of the Initial Public Offering**

After having the official Permission of the Office of Securities and Exchange Commission Office on 15<sup>th</sup> December 2010, BCEL-KT Company Limited had issued the shares to the investors that are interested to invest in the Company by receiving the order to purchase from the 16<sup>th</sup> to 27<sup>th</sup> December 2010. After the end of the order period, We can make the result that Lao citizens and investors are interested in Lao Assets/Shares and Lao Securities Exchange. It is expressed by the numbers of the shares ordered is higher than the number of issued shares. Therefore the Company should return the money from the order about 200 billions Lao Kip (LAK).

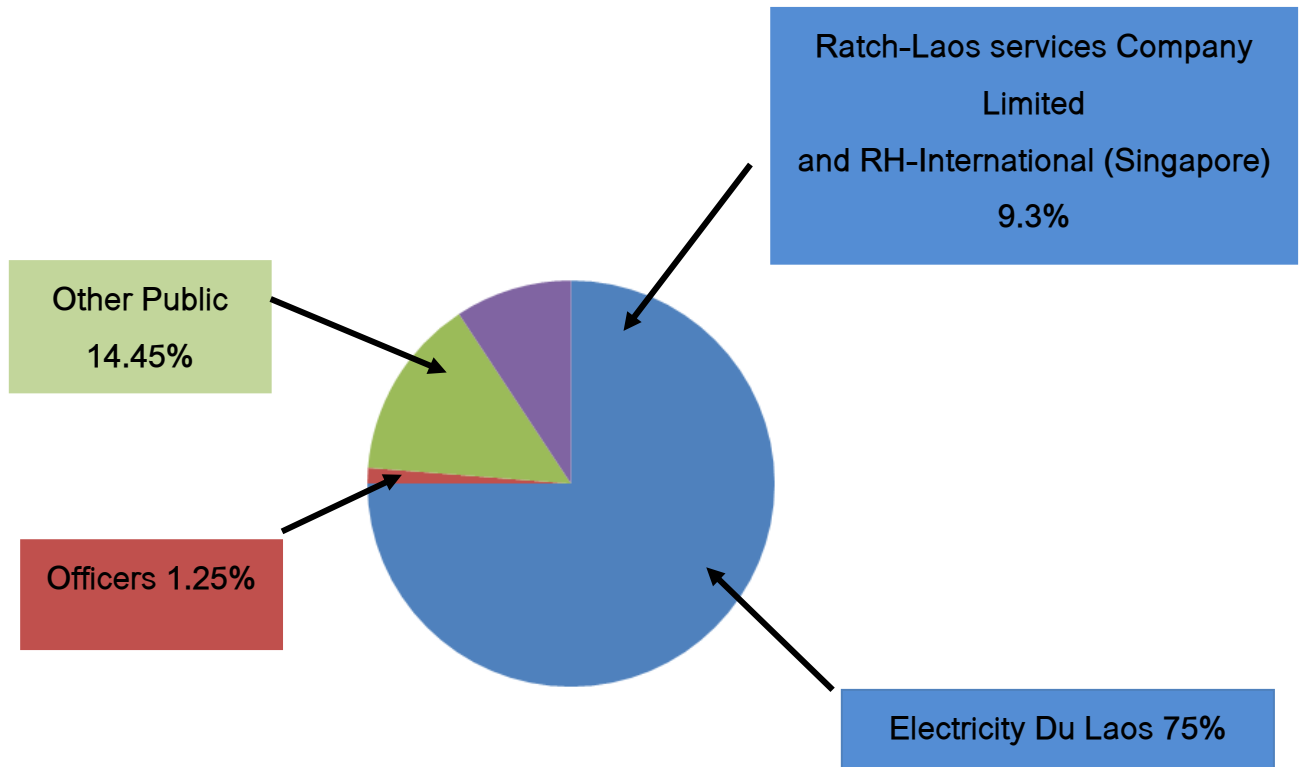
The number of shares that are sold to the domestic investors is 110,566,500. There are 1,529 domestic investors. The number of shares that had been allocated to the personnel/staffs of the Company and EDL is 5,807,900. There are 1,184 personnel/staffs. The number of shares that had been allocated for foreign investor is 217,149,000. There are 304 foreign investors. In total there are about 3,017 people that ordered the shares and the fund/capital raising/increasing is 931,998,330,000 Lao Kip (LAK).

### Company Capital Structure after the Initial Public Offering

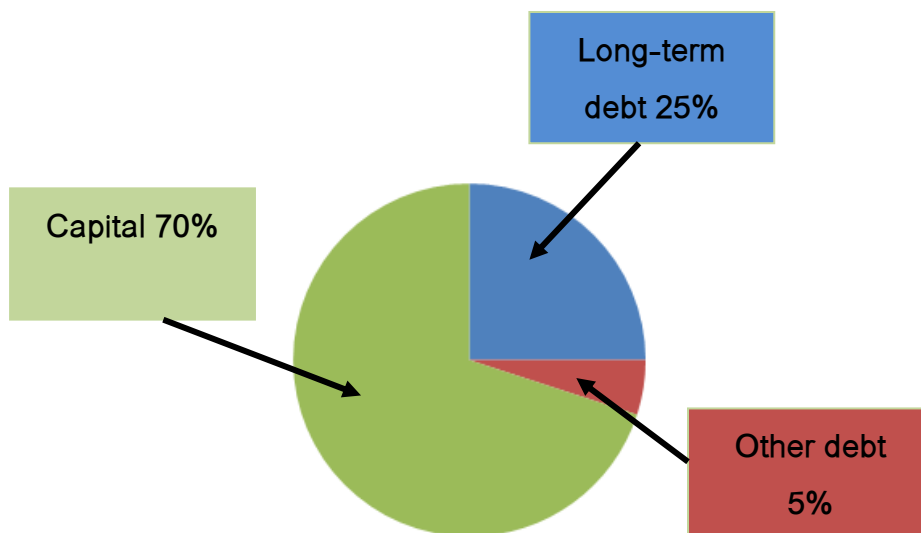


After the selling of shares in the initial public offering and the new company license (new business registration) issued by the Ministry of Industry and Commerce, the Lao Electricity Generating Public Company will have a new capital structure as follows:

## Equity Structure



## Capital Structure



## 2. Business Agreements (Concession Agreements and Electricity Trading (buying-selling) Agreements)

Based on the Concession Agreement that signed with the Lao Government on 15<sup>th</sup> December 2010, 7 projects are under the management of the Company. The validation period is 30 years and can be negotiated to be extended to 10 years period. After these periods the Company should transfer all assets that used in generating electricity to the Lao Government. The Electricity Trading (buying-selling) Agreement signed between the Company and EDF has the same validation period as the Concession Agreement between the Company and the Lao Government; the initial price of kWh is 413.89 Lao kip (LAK) and this price will be increasing in the rate of 1% per year. The Company has signed the Land Lease Agreement for the 7 projects and its validity is the same as the Concession Agreement.

## 3. Electricity Production of Hydropower Plant in 2010

The EDL-Generation Public Company has 7 hydropower Plant as follows:

No.	Name of Hydropower Plant	Location	Installing Power (MW)	Quantity of generating electricity in 2010 (kWh) (1/01/2010-31/12/2010)	Quantity of generating electricity in (15-31/12/2010) (kWh)
1	Nam Ngum	Vientiane Province	155	833,004,400	60,824,800
2	Xe Set 2	Saravane Province	76	154,652,519	0
3	Nam Leuk	Vientiane Province	60	218,117,800	0
4	Xe Set 1	Saravane Province	45	116,548,870	2,932,820
5	Nam Mang 3	Vientiane Province	40	196,588,800	7,634,560
6	Xe Labam	Champasack Province	5	19,524,088	518,920
	Total			1,538,436,477	71,911,100

### **NB:**

1. The Nam Xong Hydropower is currently in the phase of Construction and expected to be in Service in 2011.
2. In the end of the year 2010, the Xe xet 2 and Namleuk hydropower could not generate the electricity because of the reparation of switch yard system.

3. The electricity that is generated in the period of 15-31/12/2010 is the electricity of the EDL-Generation Public Company.

#### 4. **Management Structure of the Company**

The EDL-Generation Public Company has the Administrative/Management Structure as follows:

- Board of Directors that is composed of 8 people;
- Director General's Committee that is composed of 3 people;
- 3 Divisions and 13 Departments.

In the beginning of the year 2011, the Company is expected to issue a Decision on the appointment of the new Committees such as the Committee on purchasing, employing and providing materials and equipment, and the Committee of Negotiation on Concession Agreement, shareholders Agreement and Electricity Trading Agreement.

##### 4.1. Board of Directors

On the 31<sup>st</sup> December 2010, the Board of Directors of the Company is comprised of 8 people. It is composed of honorable qualified people that have experiences in the Management and are appointed through the selection of the founder of the EDL-Generation Public Company and are as follows:



**Mr. Khammany INTHIRATH**  
Chairman



**Mr. Sisavath THIRAVONG**  
Vice Chairman



Mrs.Rattana PRATHOUMVAN  
Member



Mr.Bounma MANIVANH  
Member



Mr. Sychath BOUTSAKITIRATH  
Member



Assoc. Prof. Dr. Kongsy SENGMANY  
Independent Member



Assoc.Prof.Dr. Khamlusxa NOUANSAVANH  
Independent Member



Assoc. Prof. Khampheui Phommachanh  
Independent Member

No.	Name	Position in Board of Directors	Currently appointed in how many times
1	Mr. Khammany INTHIRATH	Chairman	1
2	Mr. Sisavath THIRAVONG	Vice Chairman	1
3	Mrs. Rattana PRATHOUMVAN	Member	1
4	Mr. Bounma MANIVONG	Member	1
5	Mr. Sychath BOUTSAKITIRATH	Member	1
6	Assoc..Prof. Kongsy SENGMANY	Independent Member	1
7	Assoc. Prof. Dr. Khamlusa NOUANSAVANH	Independent Member	1
8	Assoc. Prof. Khampheui PHOMMACHANH	Independent Member	1

4.1.1. Standing Committee of Board Directors (The people who have the power to sign the important documents of the Company)  
Standing Committee of Board of Directors (and the people who have the power to sign the important documents/agreements) is composed of Mr. Khammany InthiRath, Chairman of the Board of Directors or Mr. Sisavath Thiravong, Vice Chairman of Board of Directors and Managing Director of the EDL-Generation Public Company, these people can sign important document/agreement and stamp the seal of the Company or two members of Board of Directors can sign the important documents/agreements and stamp the seal of the Company.

4.1.2. Duties and Responsibilities of Board Directors  
As the representative of the shareholders, the Board of Directors is the responsible of all activities of the Company that should be in accordance with the Law, rules and regulations of Lao PDR, Decrees

of Management Committee on Lao Securities Exchange, Rules/Associations of The Lao Securities Exchange and the resolutions/decisions of the Meeting of Shareholders.

**Duties/functions and Responsibilities of Board of Directors are as follows:**

1. Defining policies, strategies and plans of Business operations and budget  
Examining the strategies of the Company, approving important works/activities on the General Directives and Policies of the Company;  
Examining and approving Annual Plan of Business operation, Budget to use several kinds of capital for expenditures; Examining issues and problems proposed by the Managing Director of Company.
2. Examining with Managing Director of Company and giving its point of views on human resources development and the plan of development the personnel;  
Examining and approving budget on different compensation policies of the Company based on the performance of the personnel and staffs in order to promote the motivation of the personnel/staffs, effectiveness of the employment system and retain personnel/staffs that are very qualified. Principally implementing the clear, transparent, accountable, appropriate and useful process of hiring in and out the high ranking members and officials of the Company in order that the Company can have only the managers / directors who are qualified (morally and technically appropriate), and experienced in implementing the business operations of the Company in effective manner and reaching the result/gain.
3. Being the center of coordination and adjusting the works and activities of the directors.
4. Proposing and approving the appointment of the new director to the position of director in the Board of Directors that is vacant between the two Meetings of the shareholders. The appointment should be decided in the Meeting of the Board of Directors.
5. Defining the Directives and Plans for Company Management and then proposing for approval in the Meeting of Shareholders.
6. Implementing other rights and functions that are provided in the Rules of the Company.
7. Examining and approving the short and long term plans, the six-month report and plan of the Company, the Annual report and Plan of the Company.
8. Examining and defining the salary and compensation of the Personnel/staffs (workers) of the Company in accordance of the Rules / Association of the Company and then proposing to the Meeting of Shareholders for approval.
9. Examining and making decisions on the use of capital, defining the capital structure, the ratio between the credit and capital of the company, amortization policy, issuing and printed share for general public, personnel / Staffs/workers in accordance with laws, rules and regulations of Lao PDR, Loans and credits Agreements, Agreement of being a share partner (Shareholder participation),

- Electricity trading Agreement and Procurement Agreement on high value goods, and then proposing to the Meeting of Shareholders for approval.
10. Proposing to appoint external auditor for Company Auditing and defining the cost of auditing, then proposing to the Meeting of the Shareholders for approval.
  11. Examining and approving the distribution of annual profits of the Company after paying taxations in accordance with the rules and regulations
  12. Board of Directors has the power to manage the Company according to the laws, rules/association of the Company and the resolutions/Decisions of the Meeting of the Shareholders with honesty, fair, justice and accuracy in order to protect the interest of the Company.
  13. Board of Directors has the functions to define the Goals/objectives, directions, policies, work plans and budget of the company. It directs, controls, inspects and takes care of Administration and Management works of the Administration/Management Department or the person/people which or whom the Company gives these responsibilities in order to control that the Administration/Management Department or the personnel concerned has implemented the work in accordance with the policies that are defined by the Board of Directors.
  14. Board of Directors has the power to audit and examine/approve directives, policies, and action plan of the projects of high investment of the Company.
  15. Board of Directors has the power to appoint or recommend subcommittees or work groups to examine or implement/deal any works that Board of Directors has seen appropriately.
  16. Board of Directors has the power to direct/monitor the result of the work implementation in order to control this result to be fit with the action plan and the budget that the company has allocated.
  17. Board of Directors has the function to direct the Company in order to have an effective internal Management and Audit system by creating a Department of internal audit. This Department will monitor, participate in and coordinate with the audit Committee if this Committee exists.
  18. Board of Directors has the power in considering the issues/problems that are necessary and concerned to the Company or that it considers appropriately and for the benefices of the Company

The decisions of Board of Directors on the follows subjects can be implemented if they are approved by the Meeting of Shareholders with the vote of 3/4 of all voices of shareholders that participate in the Meeting of Shareholders and of those that have the right to vote:

- Selling or transfer of all activities or some important part of the Company to the third party;
- Buying or transfer of activities of the third party to the Company,
- Adjustment or termination of Agreement on the Lease of all company activities or some important part of this, the appointment of the third person in the management of the company or join the activities of the Company with the third person in order to distribute benefits or losses together;
- Additional amendment of the rules/Association of the Company;

- The increasing and decreasing of investment capital of the company, or the issuing of new shares for credit of the Company;
- The joint directing of business activities/operations or the termination of the business operation;
- All conditions that will be provided in the provisions of the Law on Capital Assets and Stock Market and or of the Circular letter of Lao Securities Exchange should be agreed by the Meeting of the Board of Directors and the Meeting of the Shareholders with the vote that is described above.

In examining the subject that some directors are stakeholders or have the interest conflict, these people do not have to vote on.

In Addition, the Board of Directors has the function to take care the company to strictly implement law on Capital Assets and Stock market, the rules and regulations of Stock Market or Circular letter of Securities and Exchange Commission Office or laws that are related to the business activities of the Company.

4.2. Director General's Committee

The Director General's Committee is composed of 3 people as follows:

1. Mr. Sisavath THIRAVONG, Managing Director (CFO)
2. Mrs. Rattana PRATHOUMVAN, Deputy Managing Director (COO)
3. Dr. Bounsalong SOUTHDARA, Deputy Managing Director (CFO)





**Mr. Sisavath THIRAVONG**  
Managing Director



**Mrs. Rattana PRATHOUMVAN**  
Deputy Managing Director (COO)



**Dr. Bounsalong SOUTHIDARA**  
Deputy Managing Director (CFO)

#### 4.2.1. Duties and Responsibilities of Director General

The Managing Director as the representative of the Company is the coordinator between the Company, Board of Directors and the third party and operate activities in accordance with the resolutions/Decisions of Meeting of Board of Directors, resolutions/Decisions of Meeting of Shareholders, Laws of Lao PDSR, Decrees of the Securities and Exchange Commission Office, rules and regulations of Lao Securities Exchange and the resolutions/Decisions of Meeting of Shareholders.

## **Duties/Functions and Responsibilities of the Managing Director are as follows:**

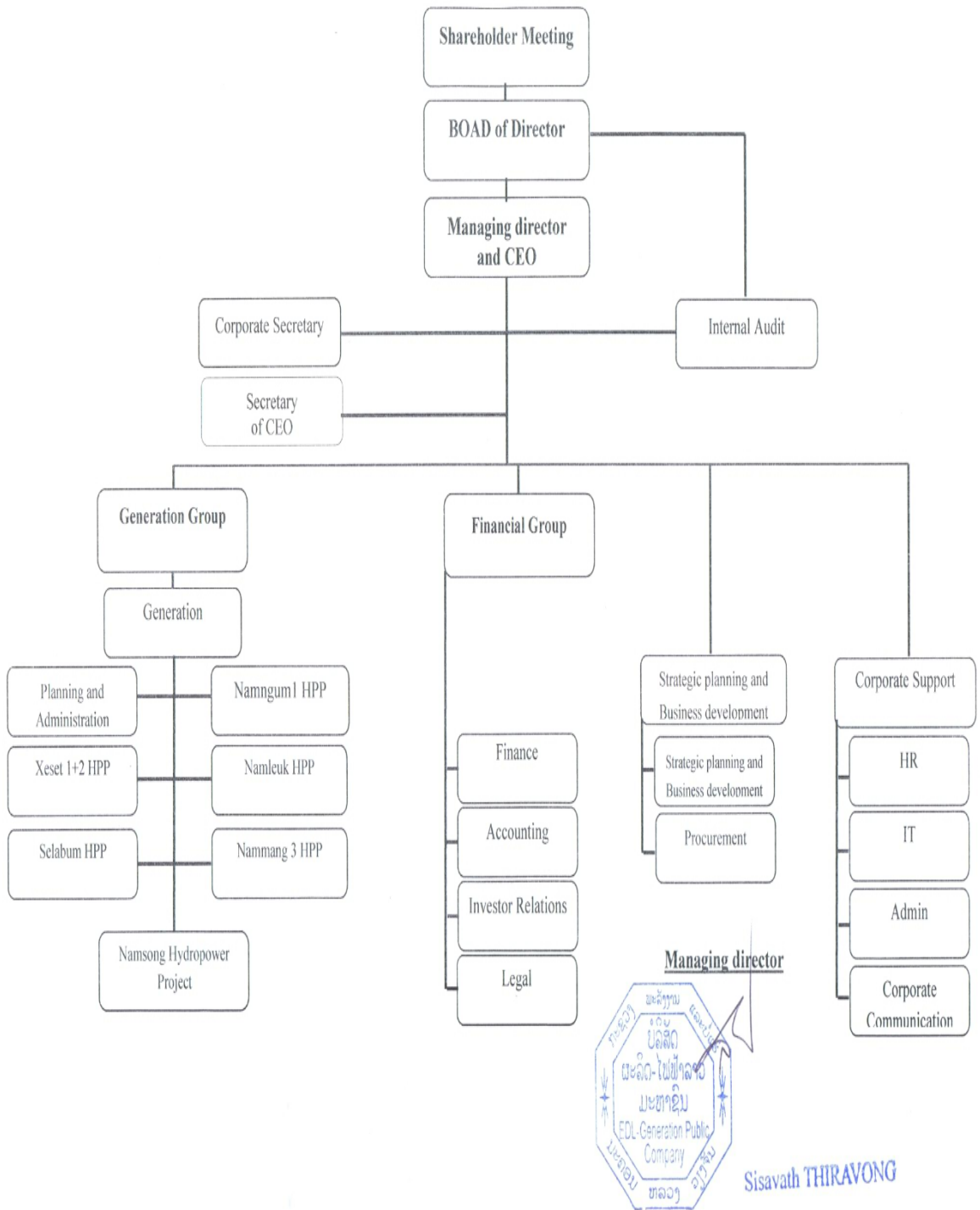
1. Examining the human resources management, and the plan of Managers development; Examining the budget on the different compensation for the personnel/ staffs / workers of the organization, then proposing to the Board of Directors for decision making in order to promote motivation and effectiveness in the employment and to retain the high qualified personnel; Principally implement the process on the employment and deployment of personnel/staffs with clarity, transparency, adequateness and useful for the company in order that the Company have plenty of the qualified and adequate personnel and staffs.
2. Creating and proposing business policies, Goals and objectives, action plans, business strategies and annual budget of the company in order to propose to Board of Directors to approval
3. Directing, controlling and taking care of business operation/activities in accordance with the business policies, Goals and objectives of action plans, business strategies and the budget that is allocated by board of Directors.
4. Defining the structures of the organization and the powers for management by controlling in details the selection, recruitment and hiring on the job of the employees of the company, the cost of the labor, the defining of compensation in return of their performance, job rotation/moving, training and hiring off personnel of the Company.
5. Appointing or designating of one person or several people to deal some works for the Director General's Committee when there is appropriate, and the Managing Director's Committee can change, amend and cancel this given power.
6. Having the power to consider and approve the expenses on the normal implementation of activities of Company such as: Assets purchasing/procurement, important capital investment for the interest of the Company and in accordance with the defined allocated budget.
7. Doing others functions that are given by Board of Directors of Company, approving the descriptions of budget of Board of Directors (not including the approval of budget / expenses descriptions of Directors or people who are in conflicts, are the stake holders or that will be born the other conflict of interest with the Company) and others descriptions that have been already agreed and defined. In exception of the descriptions that are concerned for the Meeting of shareholders such as the purchasing and the selling of important assets of the Company. These are in order to follow the provisions of Lao Securities Exchange or laws that are related / concerned with the business of the Company;
8. Managing the activities of the Company in accordance with provisions of Agreement on the creation of the Company, Rules / Associations of Company and the resolutions of Meeting of Shareholders;
9. Managing and using the company capital in accordance with defined Goals and objectives.

10. Setting up Accounting system, Protecting and keeping clean and in order the documentation of the company;
11. Cooperating with the auditor on the explaining of correctness and accuracy of the number, data that are in the Assets balance /Report before proposing to the meeting of the shareholders for approval;
12. Sending the Balance sheet to the shareholders and conserving some copy of this for auditing when needed.
13. Correctly and accurately distributing the profits of the Company;
14. Effectively managing and using the personnel/staffs or workers of the Company
15. Declaring/Informing the company its direct and indirect interest in Agreements of the Company or the increasing or decreasing the number of shares that it holds or the number of sub-company that were born in the financial year.

The Deputy Managing Director is the Manager of the Company responsible for some works that are given by the Managing Director and does some duties of Managing Director and act in place of Managing Director the duties that are given by the Managing Director .

#### 4.3.1 Organization Structure of the Company (Staff number, roles and responsibilities of Divisions and Departments)

**Organization Chart of EDL- Generation Public Company**



Number of workers

Currently the EDL-Generation Public Company is composed of 3 Divisions, 13 departments and 6 hydropower Plant. The total of the personnel /staffs and workers is 443 people, 371 males and 72 females.

## **5. Roles and Responsibilities of Divisions**

### **5.1. Division of Strategic Planning and Business Development**

The Department has the functions to define Strategies of the Company, manage the analysis for the development of business opportunities, and manage the relations with the business partners in the projects of co-investment with the customer and manage the procurement of material and equipments and manage all activities in effective systematic and steeply manner.

#### **5.1.1. Department of Strategic Planning and Business Development**

The Department of Strategic Planning and Business Development has the functions as follows:

Defining strategic plan of the Company, Developing business opportunities, managing the relations with business partners and customers in the investment project. Analyzing the situation of Electricity Industry Market and the tendency of business in the country as well as in the world (foreign countries);

Analyzing the situation of competitiveness in the market as well as other companies that generates electricity in order to find business opportunities and generate incomes from electricity generating.

Defining strategies and develop Work Plan of Electricity generating of the Company; Building relations and managing business relations with the current customers, new customers as well as partners of other businesses.

Developing business opportunities in order to generate incomes for the Company such as new project of electricity generating (new hydropower), new co-investment project, Agreements on maintenance and conservation electricity dam, Agreements on the management of hydropower projects (projects of dam construction), making new Agreement on Electricity Trading; Building relations with partners in the co-investment project; Coordinating with other Work Units or Departments in order to make Work Plan appropriate with the Directives of Company; Doing other works that are given by Supervisors of each level.

#### **5.1.2. Purchasing/Procurement Department**

Defining methods, ways and policies on procurement; monitoring the works that is given by the supervisors of each level; managing the

purchasing/procurement of products/goods/services in accordance with the need defined by work plan, with adequate price; Negotiating price and agreement conditions.

5.2. Division of Organizational Support Management

Managing and developing administrative works in an effective and systematic manner; Defining policies, rules/regulations and work plan; Directing and monitoring the human resources management and human resources development in accordance with line policies and policies on business, as well as with the planned work plan; Managing the services of Information Technology (IT) and proposing policy lines on the development of Information Communication system in response with the business needs; Defining policies, rules and regulations on office management and directing and monitoring the administrative in accordance with the correct procedures and in an effective manner; Directing, taking care of and monitoring the operation works of organizational communication in order to promote the good image and good governance of the company for the general public, for the mass media and for the different kinds of communities; Coordinating with other Divisions and Departments in order to well manage the organizational supports in accordance with the business operations and doing others activities that are given by the high level authorities.

5.2.1. Human resources/Personnel Department

Defining, directing and taking care of policies and operation works on human resources/personnel; Defining rules/regulations and terms of references, and other conditions for employment; Defining policies on compensation and interest;

Managing the human resources management and development such as making salary mass account and selection of personnel/staffs/workers; Directing, monitoring and taking care of performance system, development and training of personnel and staffs and career development of personnel and staffs and doing other works that are given by high level authorities.

5.2.2. Information Technology Department

Developing, directing, monitoring and taking care of technologies policies and strategies in response with the business needs, controlling and monitoring the security system of technology system in order to secure the secret and confidential documents and in accordance with the provisions of laws of Lao PDR and policies of Securities and Exchange Commission Office

Defining, improving and developing system of networking operations and programs; Building / creating, coordinating and installing new system or developing/transforming current system into new system in

accordance with the planned work plan and in on time; Building the system of data recovery and action plans in case that there will be born the emergency case in order to response the business operation needs and in clean and neat manner; Doing others works that are giving by the supervisors of each level of authorities.

#### 5.2.3. Office Management Department

Managing the purchasing and procurement of assets, stationery material and equipment of office and doing services for the Company; managing the expenditures of the head office of the Company (Central Administration of the Company); Being the representative of the Company; Coordinating and receiving guests and customers of the Company; Managing and maintaining the buildings and assets of the Company.

#### 5.2.4. Organizational Communication Department

Planning the strategies in the communication and managing the internal and external communication of the organization; Managing the public relations and conserving the good relations within the company, with the private sectors, companies, mass medias and different kinds of communities;

Responding with the recommendations and needs of the Company; assisting the company for external contacts and answering the questions posed by other company or public; and managing the website of Company in correct, accurate and modern manners.

#### 5.3. Generations Group

Having important roles and functions in managing the electricity generating operations/activities, the maintenance of dam and hydropower Plant (Machines Buildings) in an effective manner; Controlling and Monitoring the works of hydropower Plant in order that the machines work effectively and with an appropriate cost; Making electricity generating in accordance with planned goals and objectives such as production goals, qualities goals, initial cost goals and financial goals.

Preserving and implementing the policies on repair and maintenance of hydropower Plant (machines building) and equipments in order that the machines function well and having an adequate years of usage and in order to make the electricity generating works effectively;

Controlling, inspecting, monitoring and taking care of the electricity generating works in accordance with laws of Lao PDR and rules and regulations of the Company such as security techniques, environmental aspects and others;

Supporting and sponsoring that works that can improve the work performance and works system in order to increase the work effectiveness; coordinating and/or assisting the other divisions or departments in order to direct the company activities in the same direction; Defining goals and objectives, short term and long term plan of production Department in order to respond the planned goal and objectives of the Company; Doing others works and activities that are given by the high level authorities.

5.3.1. Department of Management and production data reporting

Monitoring the functions of Machines Buildings; Repairing and maintaining the hydropower Plant (Machines Buildings) and equipments in accordance with the agreement on the functions, repair and maintenances, as well as in accordance with planned goals or defined provisions, rules and regulations; Monitoring the management of hydropower Plant (dams).

Monitoring, reporting, analyzing the production works and water management in each hydropower dams; Data collecting and registering; Doing other works and activities that are given by the high level authorities.

5.4. Financial Group CFO

- Managing the planning of finances and budget;
- Managing the procurement of capital sources and investment capital in an effective manner;
- Managing the investment as well as the business risks;
- Defining operational process and policies on accountancy and finances in an effective manner;
- Managing the account operations in order to reach the planned and defined standards, with an effective manner and in accordance with laws, rules and regulations;
- Searching and Providing Data for financial decision making;
- Doing financial report and budget in accordance with laws, rules and regulations;
- Managing the disclosing of data and reports of the Company in a transparent, correct and accurate manner and in accordance with laws, rules and regulations;
- Developing and managing relations and communications with the investors and being the center of communication of investment;
- Controlling and inspecting the agreements and contracts with the external organizations such as concession agreement, co-share holding agreement, electricity trading agreement, land leasing agreement and others in accordance with laws, rules and regulations;
- Coordinating with Legal Consultancy Company/consultants in order to protect the interest of the Company;



#### 5.4.1. Finances Department

- Building financial plan and finances forecasting in order to support the business activities of the Company;
- Building and Monitoring company budget;
- Developing and taking care of policies line on the defining of budget and financial plans;
- Analyzing, evaluating and proposing the financial strategies; Investing in the development and analysis of financial data in order to evaluate the business activities and finances of the Company.

#### 5.4.2. Accounting Department

- Defining and taking care of policies, laws, rules and regulations, and procedures of finances and accounting;
- Managing the account works such as general account, incomes-expenditures account, cash account of head office of the company and salary mass account of the Head Office of the Company;
- Building and Analyzing budget and finances of the Company; Managing the process of doing the accounting report in accordance with laws, rules and regulations and provisions concerned;
- Managing the inventory of fixed assets, inventory of warehousing and inventory of assets of projects.

#### 5.4.3. Department of Relations with investors

- Managing the disclosing of data and report of the company in transparent, correct and accurate manner and in accordance with laws, rules and regulations;
- Developing and managing the relations and communications with the investors; Disseminating rules and regulations on finances, mass media, and financial communities;
- Managing the disclosing quarterly reports and annual reports of the Company;
- Managing the relations with the investors, personnel / workers, mass media and financial communities when there is an emergency case or in a special event if needed.

#### 5.4.4. Legal/Judicial Department

- Reviewing and inspecting agreements that are done with external organizations such as concession agreement, co-share holding/co-partners agreement, electricity trading agreement, agreement on services in repair and maintenance of hydropower projects, procurement/purchasing agreement and others; Coordinating with legal consultancy company / consultants (external deployment cases) in order to implement/follow laws, rules and regulations and protect the interest of the Company;
- Coordinating and giving advices and recommendations to other Divisions and Departments;

- Studying and making appropriate recommendations on the issues or problems that are related with legal and judicial cases.

## **6. Department of Company Secretaries**

Protecting and taking care of the documents of the company; implementing the planned activities in order that the company activities are in accordance with rules/associations of the shareholders and rules and regulations of filing documents, Maintaining important documents and Company Licenses;

Managing and taking care of company licenses (in accordance with laws, rules and regulations), rules/associations of public company and company limited, registration book/certificate of shareholders, big shareholder and the board of directors;

Managing and making report of the meetings in accordance with rules/associations of shareholders such as ordinary meeting and extra-ordinary meeting of shareholders and board of directors;

Managing and organizing the meeting of the Managing Director and the shareholder in order that the meeting is operated in accordance with rules and regulations concerned; Taking care of the use of Company seal;

Controlling, inspecting and taking care of data exchange (reporting) and the taxation payment in accordance with laws, rules and regulations and provisions concerned the Company Limited and the public company; Managing the contacts and communications with the Managing Director and the data exchange/reporting concerned the business registration of the Company such as the change of Administrators/ Managers of Company; and Doing other works and activities that are given by the high level authorities.

- Secretary to Director General  
Managing and coordinating letters, electronic mails and other forms of communication of the Director General's Committee in accordance with the appointments, meeting and other documentations; Collect the reports and document and reporting the meeting in effective, correct and accurate manner.

## **7. Department of Internal Auditing**

Monitoring the implementation of action plan that the board of directors had agreed in order to decrease the business risks from the management of the Company that has been analyzed, reported and planned;

Evaluating the business operation of the Company, making proposals and recommendations, directing guidelines on the improvement and development of the company and reporting the results to the Chairman of the board of Directors

Coordinating with the board of Directors and Committee of internal auditing for reporting; implementing the recommendations of these committees in accordance with policies, principles and operational procedures of the Company; Planning and defining rules and regulations of auditing, its methods, processes and procedures including internal auditing of the Company.

## **8. Financial Statement.**

The EDL-Generation Public Company is a public company that is founded and administrated under the laws of Lao PDR. It is founded and registered as public company on 15<sup>th</sup> December 2010 (day of Company foundation). Through the business operations of the company in 2010 (16 -31 December 2010) and the audit of independent auditor-the Company Price Waterhouse Copper, the Financial Report is made and is approved by the managers of the EDL-Generation Public Company on 7<sup>th</sup> April 2011.

### **1. INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Shareholders of EDL-Generation Public Company  
We have audited the accompanying financial statement of EDL-Generation Public Company ("The Company"), which comprises the balance sheet as at 31 December 2010 and the statement of income, statement of changes in equity and statement of cash flow for the period from 16 December 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory notes (together the "financial statement"). The financial statements have been prepared on the basis set out in Note 2.

#### ***Management's responsibility for the financial statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Note2, and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial statement has been prepared, in all material respects, in accordance with the basis set out in Note 2.

For PricewaterhouseCoopers(Lao) Limited

By Paiboon Tunkoon

Partner

Vientiane, the Lao PDR

7 April 2011

## Balance sheet

as at 31 December 2010

	<b>31 December 2010 Million Kip</b>	<b>15 December 2010 Million Kip</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Pre-operating expense, net	2,382	2,433
Assets under concession, net	3,935,381	3,924,189
	<u>                    </u>	<u>                    </u>
Total non-current assets	3,937,763	3,926,622
<b>Current assets</b>		
Cash and cash equivalents	884,782	-
Trade account receivable	37,229	-
Spare parts and supplies, net	4,625	3,737
Accounts receivable- Others	188,138	221,075
	<u>                    </u>	<u>                    </u>
Total current assets	1,114,774	224,812
<b>Total assets</b>	<u>                    </u> <u>                    </u>	<u>                    </u> <u>                    </u>

## **EQUITY**

### **Shareholder's equity**

Share capital	2,605,792	2,605,792
Legal reserve	2,051	-
Retained earnings	18,461	-
<b>Total equity</b>	<b>2,626,304</b>	<b>2,605,792</b>

## **LIABILITIES**

### **Non-current liabilities**

Long-term borrowings, net	1,302,588	1,301,002
<b>Total non-current liabilities</b>	<b>1,302,588</b>	<b>1,301,002</b>

### **Current liabilities**

Accounts payable	20,258	96
Current portion of long-term borrowings	197,742	218,759
Accrued expenses	21,473	25,785
Other current liabilities	884,172	-
<b>Total current liabilities</b>	<b>1,123,645</b>	<b>244,640</b>
<b>Total liabilities</b>	<b>2,426,233</b>	<b>1,545,642</b>
<b>Total equity and liabilities</b>	<b>5,052,537</b>	<b>4,151,434</b>

## Statement of Income

for the period from 16 December 2010 to 31 December 2010

	<b>Million Kip</b>
Sale	37,229
Cost of sale	(9,768)
<b>Gross profit</b>	27,461
Other income	69
Foreign exchange loss, net	<u>(1,739)</u>
<b>Profit before expense</b>	25,791
Administrative expenses	<u>(597)</u>
<b>Operating Profit before financial costs and corporate Income tax</b>	25,194
Financial costs	<u>(2,393)</u>
<b>Profit before corporate income tax</b>	22,801
Income tax expense	<u>(2,289)</u>
<b>Net profit for the period</b>	<u>20,512</u>
 <b>Earnings per share</b>	
 <b>Basic earnings per share (Kip)</b>	<u>31.48</u>

**statements of Changes in  
Equity**

**for the period from 16 December 2010 to 31 December 2010**

	<b>Share capital(Note8) Million Kip</b>	<b>Legal reserve(Note17) Million Kip</b>	<b>Retained earnings Million Kip</b>	<b>Total Million Kip</b>
<b>As at 15 December 2010</b>	2,605,792	-	-	2,605,792
<b>Net profit for the period</b>	-	-	20,512	20,512
<b>Appropriation</b>	-	2,051	- 2,051	-
<b>As at 31 December 2010</b>	<u>2,605,792</u>	<u>2,051</u>	<u>18,461</u>	<u>2,626,304</u>

## Statement of Cash flow

For the period from 16 December 2010 to 31 December 2010

	<b>Million Kip</b>
<b>Cash flow from operating activities</b>	
Cash generated from operations	31,390
<b>Cash flow from financing activities</b>	
Repayment on borrowing	(21,279)
Proceeds from the issuance of right to purchase the ordinary share	884,172
Interest payment	<u>(9,501)</u>
<b>Net cash inflow from financing activities</b>	853,392
<b>Cash and cash equivalents at the end of the period</b>	<u>884,782</u>
<b>Non Cash Items:</b>	
Acquisitions of plant and equipment which have not paid	15,621
Disposals of plant and equipment which have not been received	69



## 9. Strengths/Opportunities and Weaknesses/threats

### \* Strengths and opportunities

1. Professionally and internationally work performing, with the meet difficulties, we have many convenient conditions that are assisted and supported by all state organizations, leaders and technical officials in each level. Therefore our missions are reached the goals targeted. This work performing expresses the professional of the personnel and staffs who focus their knowledge and ability to implement the activities of the company and realize the plan into the reality. In addition we receive the official congratulatory from the state organization such as the Securities and Exchange Commission Office for our capacity to work as professional and international staffs and could well perform our works with plenty of capacity.
2. Legal aspects are important aspects for win  
The Capital/Assets business is a new form of business in Lao PDR and has been newly created. Therefore the legal frameworks on this kind of business are very limited. We should make the requests to the state organizations concerned to issue some decrees and resolutions that can have the legal effects as special cases in response of each work and activity. All state organization had assisted and supported us to promote new legal aspects that are very important contribution for our win.
3. The foundation of business of the EDL-Generation Public Company is very complex because this is a concession business and the concession agreement with the Government should be signed for a long period such as concession agreement with the Lao Government and Electricity Trading Agreement with the State Enterprise of Electricity du Laos (EDL). Normally the study and negotiation of the two Agreements need time. But we have the privilege to study ahead from the organization concerned, and we can timely perform our work.

### \* Weaknesses/Threats

1. The structure adjustment of the Company is a special case that is different from the general transformation of business into public company. In the beginning we have many difficulties to transform into a public company. Firstly the EDL-Generation Public Company should be entirely separated from the State Enterprise of Electricity du Laos before the business registration with the Securities and Exchange Commission Office.

2. The time to transform into public company and to register in the Lao Securities Exchange was very limited (about months). This period is used for operating the procedure of transformation into public company as well as the process to sell the capital (shares) of the company. All these should be in on time with the death line of the Government i.e. the opening day of Lao Securities Exchange, 11<sup>th</sup> January 2011. With the willingness of the Company and the support and assistance from all organization concerned, all works and activities of the company are accomplished in accordance with the targeted goals and objectives.

## **10. Risks**

In general, the investment in a new market such as Lao PDR where has been newly created the Lao Securities Exchange can have many other risks than a general new market in addition with the issues and problems concerned the Company such as quality of assets, quality of management, the ability to create cash flow, the financial security, laws, rules and regulations that controlled the electricity energy market.

The investment has many risks. The Company will meet many factors of risks from the electricity energy situation, the business competitiveness and the change of economic situation in the country as well as abroad. Important risks can be divided into 2 categories: internal and external risks. They are as follows:

### **10.1. Internal Risks**

#### **10.1.1. Risks from limited history of business operations of the Company**

From the day of creation of the Company, 15<sup>th</sup> December 2010 to now, is a very short period to accomplish the business operation of the Company; the current assets of the Company used for electricity generation are the assets of Electricity du Laos that have been fully used for generating electricity in many working years. The company expects that they will function well as already after the transfer of ownership from Electricity du Laos to the EDL-Generation Public Company. But the Company cannot guarantee that these assets that currently used for electricity generating will continue to function in the current level of capacity or in the level that EDL has reached the results. Therefore the Company cannot guarantee the incomes or profits planned from the business operations of the Company. However the Company receives the transfer of qualified personnel/workers of EDL in accordance with the agreement between the company and EDL. Counted on the experiences of transferred qualified personnel of EDL, and

the continuous use of these personnel for the works that they had accomplished, the Company believes that the short period of doing business operation of the Company does not have any effects in doing business on the use of its assets for generating electricity.

10.1.2. Risks from the dependence of the Supports and the Purchasing of Electricity of Electricity du Laos (EDL)

The State Enterprise of Electricity du Laos is the biggest shareholder of the Company. It occupied 99.99 of the Company issued shares. After the initial public offering the EDL will conserve about 75% of company issued shares and will continuously control the Company although the Company has its board of Directors. But EDL can control the Company and its board of Directors by alone EDL or together with small number of Company shareholders by directing the Company to do its policies in agreement with the other shareholders of the Company.

10.1.3. Risks from the Operation of Business Activities

- Risks from Concession Agreement: In accordance with the Lao law on electricity the period of the concession for production assets is 30 years, and it can be extended in the period of ten years. Therefore the principal incomes of the Company such as selling generated electricity to EDL in accordance with the Electricity Trading Agreement between the Company and EDL is limited by the period of concession.
- Risks from the results that the Company cannot reach the planned profits from the investment: the Company has the responsibilities to managing and monitoring projects in effective and appropriate manner in order to reach the goals and objectives targeted. Therefore the company should have the measures to decrease the forecasted risks.
- Risk from one principal customer: the Company believes that the incomes risks are very small because EDL is the responsible to guarantee the procurement of electricity in Lao PDR. In addition EDL is a state enterprise and the financial situation of EDL is very strong. However in case that EDL has problems, and as the Company is based on the sole customer, EDL, can make effects on the incomes of the Company, and this incomes will be decreased dramatically.
- Risks from the function of hydropower Plant (dams) such as the damage of hydropower Plant and machines, the effectiveness of the hydropower Plant (dams) (i.e. they cannot continue to generate electricity and transmit the electricity as planned), the lack of water for electricity generating (i.e. in some season,

there are no enable water in the dam to generate electricity because of the inadequate environment), the possibility that the insurances cannot largely cover the events that will be born such as security, health and environment (in case if the Company meets the damages that is not covered by the insurance, business, financial situation and the results of business operation will be dramatically effected).

10.1.4. Capacity to recruit talent/qualified human resources/Staff

The Company expected to recruit its talent and high qualified human resources, especially from EDL by proposing salary and interest that are competitive in labor market. However the Company does not guarantee that it can attract or retain these kinds of personnel.

10.1.5. Investment Risks on Additional Projects

The principal business activities of the company are the purchasing/buying, ownership and using of assets for generating electricity that are developed and constructed by EDL. The investment of additional projects can be as investment of the construction large hydropower Plant (dams) with high technology. These constructions and the functions of the hydropower Plant can be high cost and can make many risks to the Company.

10.1.6. Risks of the transfer of Assets that are used in the production of Electricity du Laos to the Company

The Company believes that EDL will transfer/sell all assets that generate electricity and that are in the phase of the construction and in the phase of planning (that EDL is the alone ownership) and that are under the IPP project that EDL is the shareholder and that are in the phase of construction and in the phase of planning with the price on account or nearly by. The current resolution of the Standing of the National Assembly Committee (parliament) expresses only the current policies on assets that are used to generate electricity. There are no guarantees that these policies will be implemented in the future, and therefore there are no guarantees that the Company can purchase the EDL assets that generate electricity in the future.

10.1.7. Risks from the differences of regulations on disclosing data and accounts

The standards of disclosing data and account in Lao PDR are not somewhat strict in comparison with the market of developed country such as Hong Kong, Singapore and the countries that are member of OECD. The disclosing of data/account of Lao public company (data printing and

dissemination) is limited in comparison with other public company in abroad.

#### 10.1.8. Risks from the Standards of Company Management

The standards of public company management in Lao PDR are very different from others countries especially the standards concerning the independence of Board of Directors and of Committee of auditing, and standards of internal and external reporting.

### 10.2. Externals Risks

#### 10.2.1. Risks from the exchange rate

The Company has the risks from the exchange rate. In the business operations many descriptions are done with Lao Kip (LAK). However the company buys the spare parts and equipments in US dollars and foreign currencies. Therefore the move of exchange rate in each time will make effects to the business operation of the Company.

#### 10.2.2. Risks from the Uncertain/Unreliable of Rules and Regulations related to the Electricity Sector in Lao PDR

Lao PDR currently does not have complete laws, rules and regulations concerned the Electricity Generating Company. In the future the Lao Government can change laws, rules and regulations on electricity industry that can make effects to the business operations of the Company.

#### 10.2.3. Risks from the Competition of Projects Development in the future

The Company will meet the competition in the sector by implementing its investment strategies and the development of new sources of electricity in Lao PDR. The main competitors of the Company can have more capital resources and more experiences than the Company itself in the development or in the capital contribution to hydropower Plant (dams).

#### 10.2.4. Risks from the Political and Economic factors of Lao PDR

The accomplishment of business activities of the Company depend on the political and economic and legal frameworks situation of the Lao PDR. These aspects are very important such as economic crisis, Government policies on the price of electricity, compensation system, exchange rate management, policies on taxations and others that can create direct effects to the business operation of the Company, the financial situation of company, the results (profits or losses) of the business operation and the channels for business operations of the Company.

#### 10.2.5. Risks from the Behavior of Lao Government as the Biggest Shareholder

The Lao Government is the controller of EDL. Therefore it can control the Company through the appointment of Board of Directors and will control the Company until EDL will sell its important part of shares of the Company and become a small shareholder. The Company believes it will be respected as a public company and it can independently make decisions in the business especially the purchasing of assets, the price of electricity, the human resources and others. However the Lao Government can issue policies that can be in conflict of interest of the Company's shareholders.

### **IV. DIRECTIONS AND PLAN IN THE NEXT FUTURE**

#### 4.1. Human Resource/Personnel Development Plan

The human resources development is a critical issue that leads the Company to the determined/stated visions and in accordance with goals, objectives and policies on business operation of the Company.

##### 4.1.1. Goals

- Supporting the work accomplishment of the Company in accordance with development plan of the Company and to step progressively toward the determined visions
- Human resources (Personnel) will have the needed characters for the Company i.e. they are ready in knowledge and in skills for the work accomplishment (job performance) and promote the inspiration to work as team work;
- Human Resources (personnel) will accomplish the work (perform the job) in effective and efficient manner in order to reach the targeted objectives/goals;
- Using as policy lines in the operation, management of the human resource development and training of the Company

##### 4.1.2. Objectives

- Quantitative objective:  
All workers (personnel/staffs) of the Company will be developed
- Qualitative objective:  
All workers (personnel/staffs) of the company will be developed and can use and apply knowledge and skills that they are receive to perform their job in effective manner.

##### 4.1.3. Preparation and Planning

1. Appointing the human resources development committee in order to implement the human resource development plan;
2. Examining the reasons and the needs of HR development by studying annual development plan, by data collecting from job appraisal/performance; Examining the need of development of each

person in order to well performing his/her job, (i.e. increase the effectiveness of job performance) and to reach the vision of the Company.

3. Framed the important as following: Management Development, Work Performance Development, Professional Development and Occupational Moral Development.

#### 4.1.4. Implementation of HRD Plan

1. Appointing Committee and Sub-Committee to organize the training on the subjects that are defined in the HRD plan in order to develop Human Resources of the Company;
2. The people who own the power concerned examine and select and send appropriate candidates to participate in HRD activities such as: capacity that should be developed, job designation, the need for the HR development, self-development; application of knowledge, skills and capacity/ability in work accomplishment (job performance) in order to increase its effectiveness. The appropriate candidates can be sent to participate in HRD activities that the Company or the external organizations organize.

#### 4.1.5. Kinds of Personnel Development

These kinds of HRD of the Company are composed of:

1. Meetings, Lectures, training, seminars and so on...
2. Exchange of knowledge, skills and experience;
3. Adjustment of new personnel/workers (Orientation training);
4. on the job training, job counseling and transfer of knowledge, skills and technology to colleagues;
5. Job assignment /designation, work/job/responsibilities rotation;
6. Promotion of career path;

In summary the kinds of HR development 1-3 will be organized in the HRD program, 4-5 will be organized for the Group of people that have the responsibility /missions/duties, and 6 is in the responsibility of the operational officers.

#### 4.1.6. Methods/Ways of Development

There are many methods of HRD in the company and they are as follows:

1. Committee and Sub-Committee organize the training for HR development;
2. The Company select and send the candidate to participate into HRD activities that the Work Unit within the Company organize, these HRD activities will composed of HRD programs such as Leadership, Management (Change), Increase quality of work accomplishment (job performance)

3. The Company sends appropriate candidates to participate into HRD activities that external organization organizes such as professional networking, Institute of productivity increasing
4. In exception of HRD activities by exchanging of knowledge, meeting, lectures, training, seminars, the Company will develop other continuing HRD such as: orientation training for the new personnel, on the job training, job counseling and others HRD programs of Annual Plan such as transfer knowledge, skills and technology to colleagues.

#### 4.1.7. Programs for Personnel/Human Development

The Company defines the programs of HRD, person occupies one position should be developed in one or more programs of HRD as follows:

1. Program on Management Development: Knowledge on Management, Work Process (Job) Management:
  - Study the source of knowledge within the country
  - Study the source of foreign countries
  - Management
  - Within Company quality Evaluation
  - Improvement of work process and building guideline on work (job) standardization
2. Program on quality operation (improvement) development: develop the knowledge of specialization; develop quality operation, language skills
3. Programs on professional development and Information Technology: Development of knowledge, professional skills (including support skills group such as: IT, Finances, Equipment Procurement, Public relations
4. Program on moral and ethnics; Promote moral and Ethics and good attitudes in the Work accomplishment (job performance) by having title such as promotion of morality and ethics for HR of the Company.

#### 4.1.8. Monitoring and Evaluation

The Company organizes monitoring system in order to evaluate the results of HR development of the Company and the result of the job performance of the person that participate in the HRD activities. The methods to evaluate the results of the HRD of the Company are as follows:

1. Evaluation of the organization of HRD activities:  
Evaluation by using form questionnaire in order to know the satisfaction of the participants in the end of each HRD activity and in order to adjust and improve the HRD activities in the next time and reporting in the Annual report the results of HRD activities
2. Evaluation the results of HRD



- The Committee of HRD evaluate the results by form Evaluation the application of knowledge from HRD activities in the work accomplishment to monitor the attitude and work accomplishment of the participants after some period of time after HRD activities (self evaluation)
- The people that has the power concerned observes the progress/development of work accomplishment, after that evaluate the progress by using evaluating form for applying the knowledge from HR development to the work place and the result of job performance (by job appraisal form?)

#### 4.2. Plan for Construction of New hydropower Plant or New Project in the Future.

The EDL-Generation Public Company has the plan to used its capital that are from the selling of shares in the investment of hydropower projects that EDL is the shareholder, by buying the ordinary share of EDL in each EDF co-investment project and using capital for maintenance and repair of hydropower Plant (dam) that are currently generate electricity and also in the administration.

In the next year 2011, the EDL-Generation Public Company will using the capital to buy ordinary shares of EDL in the projects as follows:

1. Theun – Hinboun hydropower Plant (including extension part and Nam Gnouang)
2. Houay Ho hydropower Plant
3. Nam Leuk 1-2 hydropower Plant
4. Nam Ngum 2 hydropower Plant

Because The EDL-Generation Public Company has planned from 2010 to 2020, the company will increase the electricity power from 387MW to 2,238MW. Therefore in exception of ordinary share of EDL in the EDL co-investment project, The EDL-Generation Public Company has planned to invest in the EDL Assets projects that are in the phase of construction and that are planned to build in the future; and in the near future such Houa Lamphan Gnay hydropower Plant /dam, Namkhane 2 hydropower Plant/dam, and others in adequate manner and with its strengths.